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SUBJECT: DCM VISIT TO PROVINCIAL CAPITAL SHOWCASES U.S. CONTRIBUTION
TO A PEACEFUL, THRIVING MINDANAO

11. SUMMARY. The Deputy Chief of Mission (DCM) visited Cagayan de Oro, a vibrant city in Northern Mindanao, October 23-24 and showcased the continuing U.S. commitment to the economic and social development of the Philippines. The DCM presided over the conferral of an internationally recognized food safety accreditation to four food companies to which USAID provided assistance, and visited a large U.S. business process outsourcing center. The DCM also met with the leaders of a local Chamber of Commerce to learn about the commercial and economic environment that stimulate increased business in the city. She also delivered the keynote address at a bloggers' summit chartered to help promote positive social change, and spoke with local media about U.S. contributions to the region.
END SUMMARY.

Background: Cagayan de Oro

12. (U) Cagayan de Oro (CDO) is the capital of Misamis Oriental Province and the regional center of Northern Mindanao (Region X). It has a land area of around 489 sq.km. and an estimated population of 553,966, making it the most populous city in Region X and the eleventh most populous nationwide. CDO is considered a commercially progressive business hub of the Northern Mindanao region, with an economy based on industry, trade, services and tourism. The top exports are products from nearby regions such as canned pineapple, sintered ore, crude coconut oil, desiccated coconut, and milk powder. The city is also being marketed as the call center capital of Mindanao. However, it is still losing human resources to business process outsourcing (BPO) centers in Cebu and Manila, which offer more attractive compensation packages. Although CDO is the commercial hub of the region, it has generally succeeded in preserving much of its natural resources and is a prime destination for tourists.

USAID's Food Certification Assistance Project

13. (U) An important goal of USAID's Growth and Equity in Mindanao (GEM) business development activities is to substantially expand exports of high-value commodities from Mindanao to foreign markets. To achieve this goal, GEM initiated a program to help Mindanao companies increase food production safety standards to an internationally recognized level that, once certified, has the potential to significantly expand the market presence of their products. GEM has identified and worked with some 50-60 firms that it believes have good prospects of achieving the Hazard Analysis and Critical Control Point (HACCP) certification, and has already helped four companies reach this achievement. The DCM helped confer HACCP certificates to each of the firms, and congratulated them for their bold and forward-thinking steps to upgrade the quality of their products to internationally accepted standards for the benefit of not only the owners, but also for the Mindanao economy and farmers as well.

SERVING U.S. CUSTOMERS AND BOLSTERING THE LOCAL ECONOMY

14. The DCM's visit to a thriving, high-tech U.S. outsourcing center in Cagayan de Oro underscored the positive ways our partnership with the Philippines continue to produce economic and social benefit. She toured Concentrix, which opened a technical center in 2005 and created over 1,000 well-paying and highly sought-after jobs. The site's clients include two large U.S. network and software companies. Concentrix's executives told the DCM that the large population of fluent English speakers and a cost-effective business climate make the Philippines an attractive place to invest. The recent storms that disrupted operations to many businesses in Manila also highlighted the importance of diversifying in areas outside the capital region. Concentrix also just recently opened Concentrix Institute that, in collaboration with the Philippines government and local universities, offers a state-of-the-art training program to equip students with the technical and customer service skills sought after by BPOs and information technology centers.

Let Clean Waters Flow

15. In 2002, the USG and Government of Japan (GOJ) signed the Memorandum of Understanding on Clean Water for People Initiative aimed at jointly helping selected countries achieve their Millennium Development Goal targets for water supply and sanitation. USAID and GOJ's Japan International Cooperation Agency (JICA) were tasked to execute the collaboration in agreement with the Philippine Government to provide assistance through an innovative and sustainable financing mechanism for water supply and sanitation projects. The Philippine Water Revolving Fund (PWRF) mechanism was designed to leverage public with private resources. USAID provided the technical assistance to establish the fund and JICA provided a loan to the Development Bank of the Philippines to capitalize the

Fund. USAID is also providing partial credit guarantee to private banks through the Development Credit Authority. The DCM participated in an initial marketing event to promote PWRF to private banks and water service providers. She emphasized the importance of programs like PWRF to help bridge the significant shortfall between required funding for water projects and available financing, and the socio-economic and humanitarian importance of access to clean water. She then re-affirmed that the U.S. remains a committed partner to supporting water aid in the Philippines.

Progressive Media, Positive Messages

16. The DCM also met with members of the progressive Mindanao Bloggers Community at their 3rd annual summit. The founder of the group organized both Muslim and Christian bloggers from throughout Mindanao to express a true picture of the island's beauty and diversity. The Cagayan de Oro mayor first opened the summit with a speech that reflected the substance of a breakfast meeting with the DCM earlier that day. The DCM followed with the keynote speech at this summit, and spoke of a vision of a prosperous, progressive Mindanao free of conflict, full of opportunity and focused even more on preserving its unique cultural and natural heritages. She then challenged the bloggers to be the agents of this change, and underscored the power that social media has to build large coalitions that stand against violence, demand ethical governance, and protect human rights.

17. The DCM concluded the visit to CDO by moderating a roundtable discussion with recipients of the Department's International Visitor Leadership Program. This event, held at the American Corner in Xavier University, included a former Philippine ambassador to Nigeria, Fulbright scholar, and media and education executives. The discussion focused on a rich variety of topics, including Graceland, U.S. media sensationalism, and comparisons between our two systems of government. In all interactions with the media, CDO Chamber of Commerce, business and government leaders, and development partners, the DCM underscored that the Philippines is an important U.S. partner on a number of global issues, and that we will seek even more ways in the future to expand our excellent relations.